

Minneapolis Community Development Agency

Request for City Council Action

Date: February 4, 2003

To: Council Member Sandy Colvin Roy, Transportation and Public Works
Council Member Barbara Johnson, Ways and Means/Budget Committee

Prepared by Darrell Washington, Phone 612-673-5174

Approved by Lee Sheehy, MCDA Executive Director
Chuck Lutz, MCDA Deputy Executive Director _____

Subject: Purchase of Scrap Metal Processors, Inc. for Public Right-Of-Way

Previous Directives: The City Council on March 24, 2000 approved the Near Northside and Bassett Creek Valley Master Plans. The City Council on July 28, 2000 approved recommendation to select the central corridor alignment for the North-South Boulevard. On May 18, 2001, the City Council approved the financing strategy for the North-South Boulevard, authorized officers to work with Trust for Public Land on an interim land acquisition strategy, and directed staff to plan/design the North-South Boulevard with planning costs likely to be funded by Hennepin County.

Ward: 5th Ward

Neighborhood Group Notification: The Harrison, Bryn Mawr and Near North neighborhoods have participated in the Heritage Park & Bassett Creek Valley Master Plan process.

Consistency with *Building a City That Works*: Consistent with Goal 1, Objectives A-C

Comprehensive Plan Compliance: Complies

Zoning Code Compliance: Complies

Impact on MCDA Budget: (Check those that apply)

- ☒ No financial impact
- ☐ Action requires an appropriation increase to the MCDA Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):

Living Wage / Business Subsidy: Project will comply if covered.

Job Linkage: Not applicable.

Affirmative Action Compliance: Complies

RECOMMENDATION: The Executive Director recommends the City Council approve the purchase agreement for Scrap Metal Processors and authorize City officers to execute the agreement.

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Background/Supporting Information

On March 21, 2000, the City Council approved the Heritage Park Master Plan that envisioned the creation of an attractive and sustainable urban neighborhood in the Near Northside consisting of 900 mixed-income housing units (360 ownership, 440 rental, 100 elderly public housing). The Master Plan is generally based upon three key design concepts: 1) providing a mix of housing types; 2) creating a street network that links the Heritage Park site to adjacent neighborhoods; and 3) creating a strong parks and open space system that provide linkages to adjacent amenities. These design concepts were largely distilled from extensive neighborhood discussions that identified this former public housing site as being isolated from its neighbors and other parts of the city. Their solution called for a boulevard that links north and south Minneapolis, encouraging and strengthening connections and access to employment, recreational, cultural and educational resources.

Van White Memorial Boulevard

The boulevard will extend from Plymouth Avenue on the north and connect at its southern end to Dunwoody Boulevard (see Exhibit 1). The boulevard will allow parking in some areas and have one travel lane in each direction. The boulevard will be transit-ready and contain a six-foot sidewalk along one side and a 10-foot multi-use trail along the other side. Throughout its length, the boulevard was designed to enhance the experience for residents, pedestrians, bicyclists, motorists and businesses with landscaping and pedestrian-scale lighting. The bicycle/multi-use trail will link to the Cedar Lake Trail and the future Bassett Creek Trail.

As the boulevard passes through Heritage Park (between 12th Ave N and Glenwood Avenue) it will be constructed as a parkway-style, divided roadway containing a variable width median. The boulevard will cross at-grade a lightly used rail track, extend through the Minneapolis Impound Lot, and bridge over two heavily used rail lines. To construct the boulevard in the Bassett Creek Valley area, several segments of the roadway will need to be acquired from private owners. Negotiations between the MCDA and one of those private owners, Scrap Metal Processors, Inc., have successfully been completed.

Purchase Agreement with Scrap Metal Processors

Scrap Metal Processors, located at 150 Girard Avenue North, recycles scrap metal received from various manufacturers and the public. The boulevard's alignment bisects the property and will cause the recycling operation to close. Because of the road's impact to its business operations, all land owned by Scrap Metal in the Bassett Creek Valley area will be acquired.

Negotiations between Scrap Metal and MCDA staff has resulted in a proposed agreement to acquire the property for \$3.1 million. This compares favorably to Scrap Metal's initial demand of \$4.2 million. The final settlement amount is supported by:

- 1) An independent fee appraisal for the real estate, fixtures, process utilities and immovable equipment in the amount of \$1,630,000;
- 2) A determination by Agency staff that the cost to move equipment and miscellaneous personal property off-site ranged from \$1,152,000 to \$1,454,000; and
- 3) That the time, expense (\$100,000 minimum) and uncertainty of acquiring the property through eminent domain proceedings would likely result in an award substantially higher than the appraised value for the property.

The agreement states that Scrap Metal will accept the price in complete satisfaction of any and all claims including any loss of going concern in the event they are unable to re-establish their business at another location. Additionally, the City will take the property "as is" only after completing its environmental evaluation of the property and concluding that the pollution levels on the property are at acceptable levels. Lastly, Scrap Metal will have up to nine months after closing to complete its move from the property, which includes removing all inventory, moveable equipment and personal property. During this time, the City will be able to access the site for roadway construction activities.

Budget Source for Acquisition & Demolition

A Federal grant of \$10.0 million has been secured to acquire Scrap Metal and other private property located within the Van White Memorial alignment lying south of 4th Ave. North. Additionally, a grant of \$100,000 is being used to evaluate the site's contamination level. For additional information on costs to construct the Van White Memorial Boulevard (south of 4th Avenue N) see Exhibit 2.

Exhibit 1
Van White Memorial Boulevard

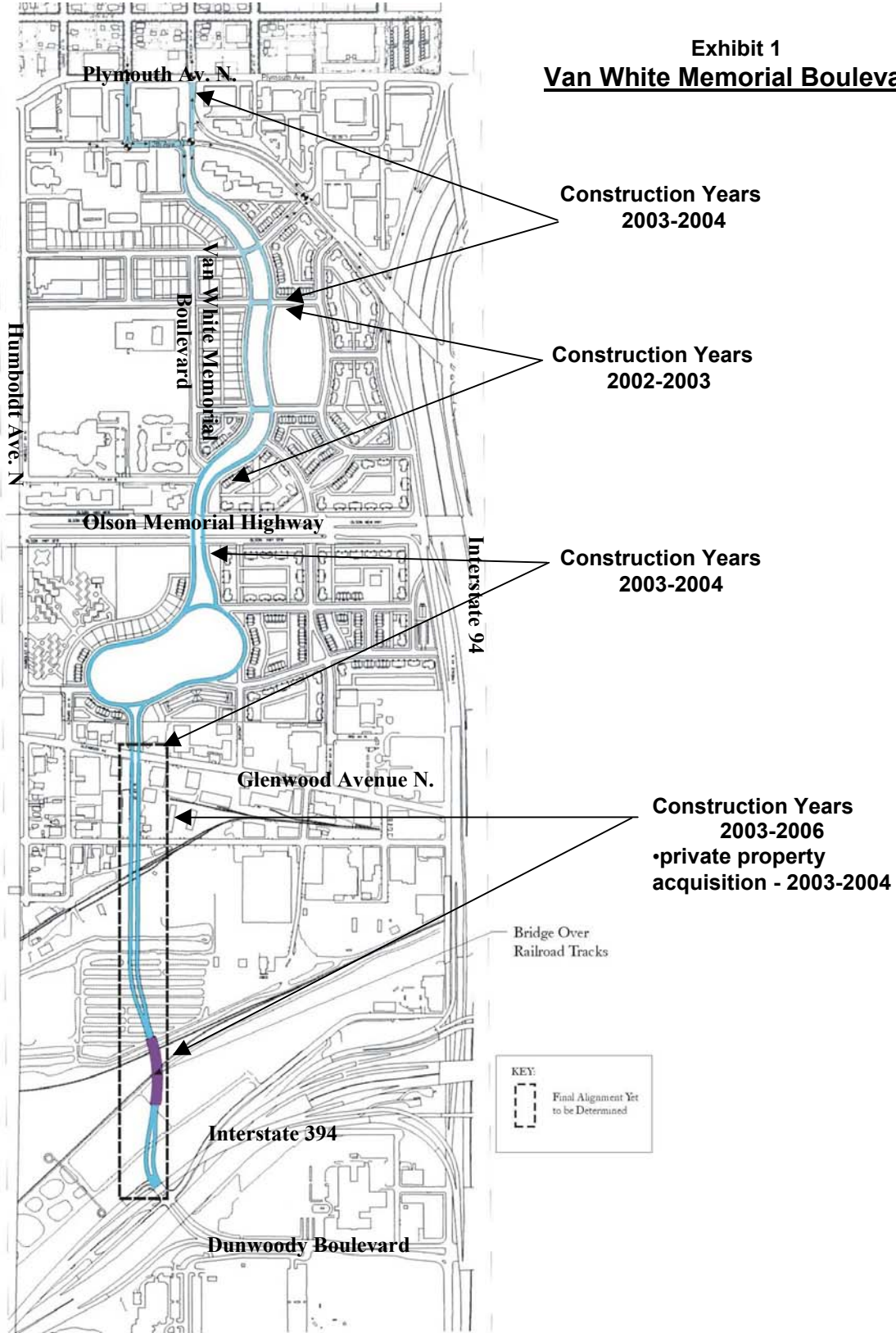


Exhibit 2**Heritage Park Project – Van White Memorial Boulevard (South of 4th Avenue North)**

SOURCES	Infrastructure Budget	Requests to be Submitted
Federal Funds - Road Construction & Land Assembly	10,000,000	0
Hennepin County – Bridge Construction	7,800,000	0
Metropolitan Council AHED Grant	1,250,000	0
EPA	100,000	0
Other Sources (State Bonds, Met Council, Mn/DOT, City Capital Improvements, Minnesota State-Aid funds, Special Assessments)	5,350,000	5,350,000
<i>Total Sources</i>	<i>\$24,500,000</i>	<i>\$5,350,000</i>

USES of FUNDS

Right-Of-Way Acquisition	8,000,000
Design & Engineering	870,000
Construction Services (Surveying, field inspection, etc)	1,440,000
Burlington Northern Bridge Construction	3,630,000
Earthwork & Retaining Walls	3,300,000
Bassett Creek Tunnel Inlet Bridge	610,000
Intersection & Bridge Enhancements, Railings, Fencing & Public Art	1,090,000
Street Improvements	625,000
Public Utility Improvements	355,000
Environmental	500,000
Signalization	510,000
Mobilization	820,000
Lighting, Landscaping/Plantings, & Trail	550,000
Contingency	2,200,000
<i>Total Uses</i>	<i>\$24,500,000</i>